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in Shanghai

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1. The following principles were put forward in May 1950 by the Shanghai United Chamber of Commerce and Industry, which promotes co-operation between management and labor, in an attempt to cut down unemployment:
 - a. For those industries whose goods still find a market, although they are running at a loss, a "reasonable" reduction of wages may be effected. All costs and maintenance should be reduced and production increased. Only when production conditions return to normal may wages be restored.
 - b. For those industries with high producing costs, surplus labor and bad markets, working hours may be reduced and shifts may be increased; alternatively a rotation system may be introduced. Allowance of 30% of normal pay should be given while the individual is not working. Employees, when laid off, should study under Shanghai General Labor direction.
 - c. For those industries having bad markets, surplus labor and large organizations with very high running costs and overhead, internal reforms of retrenchment in accordance with "Temporary Relief Measures for Workers Suspended in Order to Maintain Production in Shanghai" may be carried out. The management should pay 30% of normal wages for one year. If after a year they are still unemployed, workers will be dealt with under the "Measures for Relief of Unemployed".
2. The unemployed of Shanghai were being urged in April to go to Manchuria. Two recruiting missions arrived in April 1950; the Skilled Workers Recruiting Mission sent by the Industry Department of the Government in

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Peiping, recruiting workers in heavy industries, and a similar mission from the Agricultural Administration Department, Peiping, recruiting expert engineers, accountants and technicians. Although the pay offered was comparatively low, many took advantage of the offer as the outlook in Shanghai is bad.

3. Heavy demands for metals and foreign made medicines from North China and Manchuria have caused price increase of 30-40% since May 1950. Among the medicines in demand are quinine, penicillin, and aspirin.
4. The six large departmental stores in Shanghai, Wing On, Sincere, Sun Sun, The Sun, Li Hwa, and China Products, have been forced by lack of business to operate on a management-labor cooperative system. Employees do not receive a regular income but take a certain percentage of the total income. During April and May 1950 each employee received .7 or .8 piculs of rice. As from the end of May this was raised to 1.1 piculs.
5. Department stores have received loans from banks; for instance, Wing On Co. received JMP 1,100 million from the Kincheng Bank and the Hsinhwa Bank. Aided by Government reduction of fixed prices they now expect an increase in turnover which will enable them to pay their way.
6. Sales of imported canned goods have now ceased and the stores sell local produce only.

7. Government or Municipal Loans to Shanghai Firms

The following firms have received Government or Municipal loans in order to tide over bad times:

Ting Hsin Cotton Mill	JMP 500 million
Chung Nan Rubber Factory	" 300 "
Hwa Tien Porcelain Factory	" 60 "
Hsin Ya Pharmacy Factory	" 300 "
Great Wall Pencil Manufacturers	" 30 "
Sino-French Pharmacy	" 150 "
Tung Feng Dyeworks	" 200 "
Ko Cho Metal Works	" 50 "
Hsin An Electric Works	" 500 "
Ching Lun Drapery	" 80 "
Kung Hou Shipyard	" 150 "
Cheng Feng Textiles	" 300 "
Kung Ho Textiles	" 100 "
Kai Mei Ko Pharmacy	" 50 "
China Textile Machinery Manufacturers	" 1700 "

Many of these firms have not been able to pay the interest on the loans and there is little prospect of them repaying the loan themselves. They have been forced to ask for an extension on the original period.

Banks

8. The Shanghai Commercial and Savings Bank has lately come to terms with the financial authorities of the Government to undergo reorganization into a joint concern of both Government and private capital. The Government shares would amount to 40% of the total capital and private shares, constituting 60% of the total capital, would consist of the US \$3,000,000 foreign exchange, and the real estate and equipment which the Bank possesses. After reorganization, the operation of the Bank would be the responsibility of the General Manager appointed by the Government. The branch of this bank in Hong Kong, however,

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will carry on independently and will have no relation with the Bank in China when reorganized. The Communist acceptance of this proposal is believed to be due to their great interest in the foreign exchange which the Bank has in its possession. CH'EN Kuang-fu (陳光甫), Chairman of the Board of Directors of this Bank, expressed his satisfaction with the arrangement.

9. The Directors of Kincheng (金城), Yen Yeh (鹽業), Ta Lu (大陸) and Chung Nan (中南), well known Banks in Shanghai, are also proposing to try to negotiate similar deals.

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